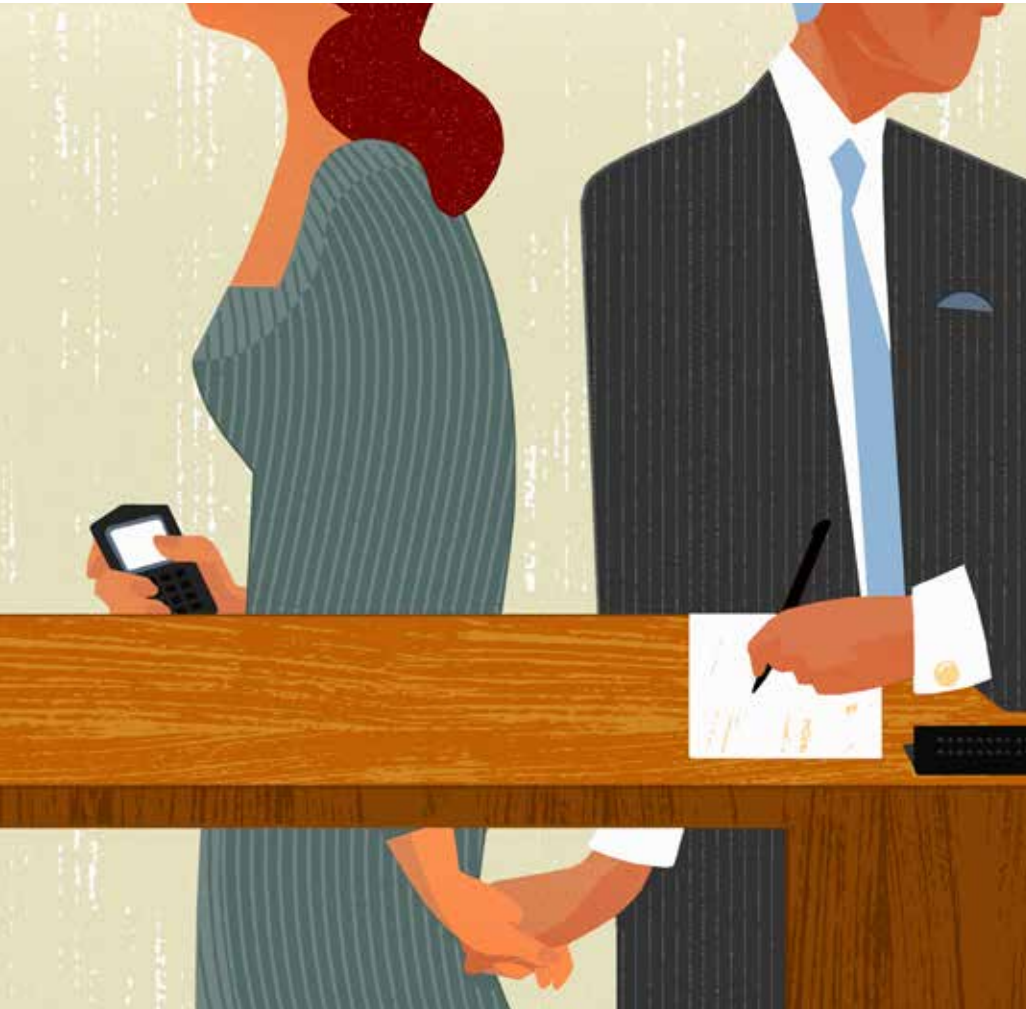


ETHICS

AN ART, NOT A SCIENCE

An ICAS report debates common dilemmas such as the ethics of an affair between top executives



as a non-executive director on a range of boards and audit committees. I piloted the dilemmas among company directors and other students attending my corporate governance programme and courses at University College Dublin.

The dilemmas are designed to capture the grey areas in the real world and highlight that there is not always a “right” answer. While there are many shades of grey, though, certain behaviour is clearly wrong and directors must stand up and say so and ask for explanations. An issue may turn out to be more complicated than at first glance.

Directors’ Dilemmas cover directors’ fiduciary duties/conflict of interest, the exercise of due care and skill, decision making, behavioural issues, information asymmetry and the conduct of board business. My favourite goes like this:

► **Scenario:** You are chairman of the board of a publicly listed company. You discover the managing director has been having a romantic relationship with the finance director for the past two years. Both are single. How would you handle their behaviour?

The dilemmas are aimed at current and prospective company directors wanting to explore their responsibilities, directors and governors who may have encountered an ethical dilemma, those interested in governance, experienced professionals studying at executive education level, and less experienced undergraduate, postgraduate and professional accounting and law students who wish to better understand the complexities of the boardroom, and educators wanting to use realistic case studies on ethics/corporate governance courses. The dilemmas raise issues common to many boards and so are likely to have global application. Their discussion may need to be tailored to the regulations and corporate culture in individual jurisdictions.

The primary intention is for the dilemmas to be used to prompt debate, led by an expert on the workings of boards of directors, either in a classroom/training setting or in a business environment. The dilemmas may also be useful to individual boards/organisations, for example, as part of an agenda for an away-day style meeting. They could help flush out issues lying below the surface in boardrooms that may be of benefit to organisations. However, some readers may consider the dilemmas on their own and the analysis of each dilemma is therefore written in such a manner that supports the individual reader in understanding the nuances of each dilemma.

When discussing the dilemmas with my students, we use humour – a powerful pedagogic tool. I hope those using the dilemmas will enjoy them as much as we have. **CA**

PROFESSOR NIAMH BRENNAN IS MICHAEL MACCORMAC PROFESSOR OF MANAGEMENT AT UNIVERSITY COLLEGE DUBLIN (UCD) AND IS ACADEMIC DIRECTOR OF THE UCD CENTRE FOR CORPORATE GOVERNANCE

COMPANY DIRECTORS are faced with many dilemmas, which mean making difficult or awkward decisions, often on subjective issues.

A dilemma has been defined as a “choice between two (or, loosely, more) alternatives either of which is (or appears) equally unfavourable”.

Shades of Grey: Directors’ Dilemmas published by ICAS builds on the work of ICAS’ Ethics Committee in *Shades of Grey: Ethical Dilemmas*,

which dealt with ethical dilemmas facing professional accountants. It was preceded by David Molyneux’s 2008 ICAS research report, *What do you do now? Ethical Issues Encountered by Chartered Accountants*.

Shades of Grey: Directors’ Dilemmas covers 34 directors’ dilemmas with analysis of each. My sources for the dilemmas comprise newspaper articles and (heavily disguised) personal experiences from my more than 25 years’ service

➔ ***Shades of Grey: Directors’ Dilemmas* is published by ICAS and is available to download, free of charge, from icas.com. Hard copies are available to purchase at £15. This research was supported by ICAS and the Scottish Accountancy Trust for Education and Research (SATER), now known as the ICAS Foundation, exclusively from the SATER funds. For further information contact research@icas.com**